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County of Los Angeles CHIEF EXECUTIVE OFFICE

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DAVID E. JANSSEN
Chief Executive Officer

July 12, 2007

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TO: Supervisor Zev Yaroslavsky, Chairman
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FROM: David E. Janssen, Chief Executive Officer

SUBJECT: **BOARD OF SUPERVISORS: ANTONOVICH MOTION (SYN 4 – MAY 29, 2007) DATA MINING AND TRAINING**

This is in response to a Board Motion of May 29, 2007, instructing my office to report on incorporating Data Mining technology into the DPSSMART Data Warehouse and conduct fraud detection and prevention training to all County agency staff who administer public assistance programs. I provided your Board with an interim report on June 29, 2007.

Our County has implemented a number of initiatives and/or systems to detect and prevent fraudulent activities across multiple programs. For instance, the County and DPSS currently operate or contract various hotlines for any concerned citizen to report suspected fraud. Also, DPSS has implemented a Home Interview Program, which allows an Eligibility Worker to interview a potential participant at their home before approval and issuance of CalWORKs benefits. Furthermore, DPSS employs a special investigation unit, known as the Welfare Fraud Prevention and Investigation (WFP&I) Section, which is a dedicated team of peace officers and administrative support personnel who investigate fraud allegations in the Department's programs. The WFP&I staff utilize specially designed computer systems to help them identify potential fraud and investigate the allegations by searching key information, such as reported income from various sources and comparing it against income reported as part of the participants' eligibility determination for public benefits.

Some very important systems in use in DPSS today for fraud detection and prevention are:

- Income Eligibility Verification System (IEVS)
- Welfare Fraud Linkage Analysis Database System (WFLADS)
- Statewide Fingerprint Imaging System (SFIS)
- Fraud Automated Case Tracking System (FACTS).

In addition to these systems, DPSS is currently in the process of deploying the DPSSMART Data Warehouse. While the Data Warehouse is primarily designed as a data integration management tool, it has the added benefit of assisting the Department in detecting and preventing certain fraudulent activities in public assistance programs. As the Board has recognized, the DPSSMART Data Warehouse will likely provide the solid technical foundation needed to add data from other departments to further assist in detecting and preventing fraud.

Consequently, DPSS will be partnering with the Service Integration Branch (SIB) of the CEO to leverage its expertise to evaluate the effectiveness of implementing Data Mining tools with the DPSSMART Data Warehouse, focusing on Child Care fraud as a potential pilot program. Since Data Mining is also relatively new to CEO-SIB, the overall cost and timeline for such an effort is not available at this time. However, early projections indicate that a pilot could be completed within three to four months. The CEO and DPSS will also continue to pursue options and approaches for the County to apply Data Mining solutions with experienced vendors and specialized professionals.

With regard to Fraud training, DPSS has an established training program for Welfare Fraud Investigators and Eligibility staff and believes it is feasible to expand the existing fraud detection and prevention training to all County personnel who administer public assistance programs. In collaboration with the Department of Human Resources and impacted departments, a curriculum will be enhanced that will train staff in the following areas:

- Fraud identification and prevention best practices, tips and guidelines
- Preparation of fraud referrals
- Identification of internal fraud
- Making referrals to DPSS Welfare Fraud Section and the various fraud reporting hotlines.

We will provide your Board with an update on the progress of these initiatives in 90 days. If you have any questions, you may contact me or your staff may contact James Blunt at (213) 893-2291.

DEJ:SRH:BY
PLB:lbm

c: Executive Officer, Board of Supervisors
County Counsel
Director, Human Resources
Director, Public Social Services